

NAVY ERP STRATEGY

FRAMEWORK FOR DON APPROACH

SECNAV Areas of Emphasis:

- People
- Combat Capability
- Advanced Technology
- Business Practices

Give priority investments that will cut our operating or business costs, such as Enterprise Resource Planning (ERP) and the Navy-Marine Corps Intranet (NMCI).

Commercial Best Practices ESG

Aviation Supply/
Maintenance
(SUP/AIR)

Program
Management
(AIR)

Regional
Maintenance
(SEA/CLF/CPF)

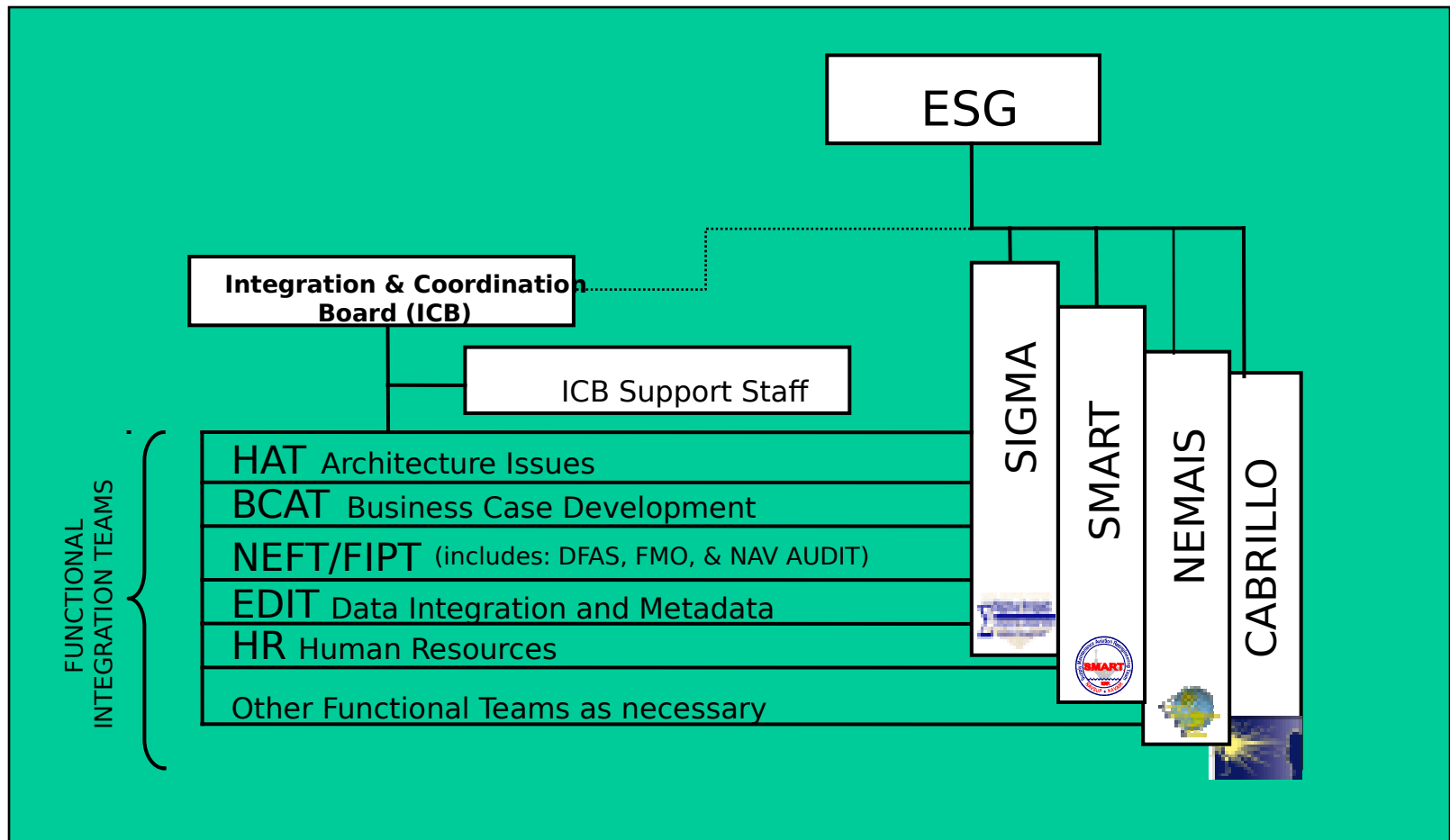
Navy Working
Capital Fund
(SPAWAR)

DLA Business
System Modernization

Army Material
Command Logistics
Modernization

Military Sealift
Command

ERP INTEROPERABILITY TEAM STRUCTURE



OSD ENTERPRISE INTEGRATION AND COLLABORATION

Change Management Task to: “Make it Stick”

Commercial Industry Board:

One Rep (CIO, Exec Sponsor, VP Logistics, CEO etc) from 10 selected companies (Colgate, Hershey, FedEx, Dell, etc.) that provide guidance input to each of the groups on varying topics.

Focus on:

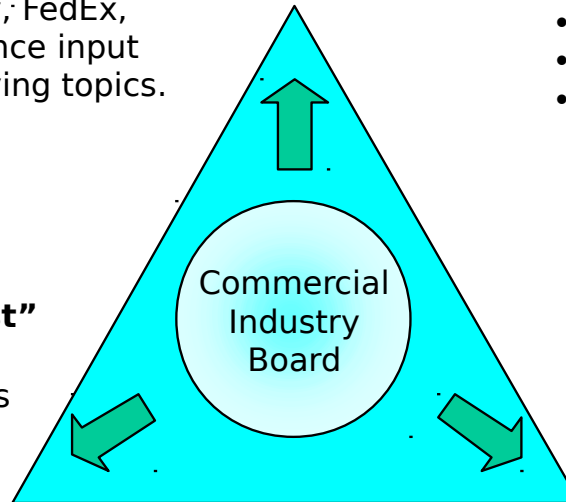
- Change Management
- Performance Measurement / Improvement
- Communications/Public Relations, Messaging
- Education
- Organizational Readiness

Program Implementation

Task to: “Do it Right and Fast”

Focus on:

- Best Implementation Practices
- Tools
- Scope
- Architecture
- Lessons Learned
- Repositories
- Infrastructure
- Security
- Integrated Schedule



Best Business Practices

Task to: “Best Business Processes”

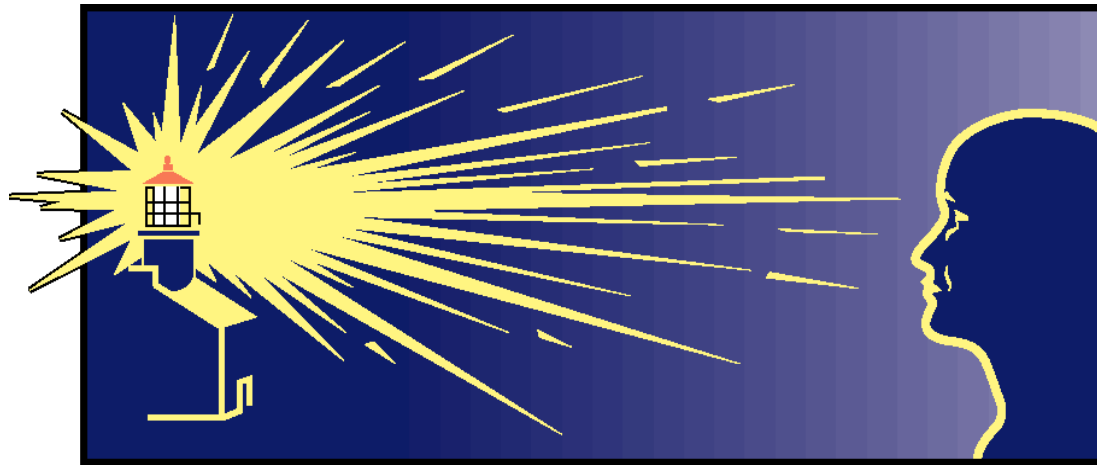
- KPI/Metrics to support processes
- COTS Product Exploitation
- Business Process Reengineering
- End-to-End Process
- Roles/Org Model to deliver
- Repositories/Tools

(L&MR) “Guided” Groups focused on Successful Enterprise Integration and Transformation

CAPABILITIES ENABLED BY ERP

- Ability to make decisions with more speed and accuracy
- Ability to Streamline and Integrate Navy Core business functions and processes
- Ability to Align DoN claimants to better support Navy goals using common processes and data
- Ability to more effectively tie Maintenance and Support Budgets to Fleet metrics
- Improved insight into Program Execution to plan, and total ownership costs using ABC/M, EVM, TOC tools fed by ERP
- Reduced inventory levels and AVDLR costs
- Share common data and process across entire organization
- Reduced number of legacy systems and costs
- Provide consistent information for improved decision-making and performance metric – reduced non-value work

ENTERPRISE RESOURCE PLANNING (ERP) PROJECT CABRILLO OVERVIEW



P R O J E C T C A B R I L L O

CABRILLO BUSINESS

AREA SCOPE

- Financial Management
 - All financial activities including budgets, funds management, billings, payables, reporting and employee data
- Procurement Management
 - All buying activities, from PR to issuing PO, receipt of goods, and processing vendor invoices
- Asset Management
 - Tracks all assets from acquisition to disposal
- Human Resources
 - Employee time and attendance, workforce management, training and skills management
- Project Management
 - Fully integrated project management system that ties together project management tools with finance, budgeting, procurement and asset management data
- Strategic Management
 - Planning and budgeting tool for both annual and long range planning, balanced scorecard, Business Warehouse, and ABC/M

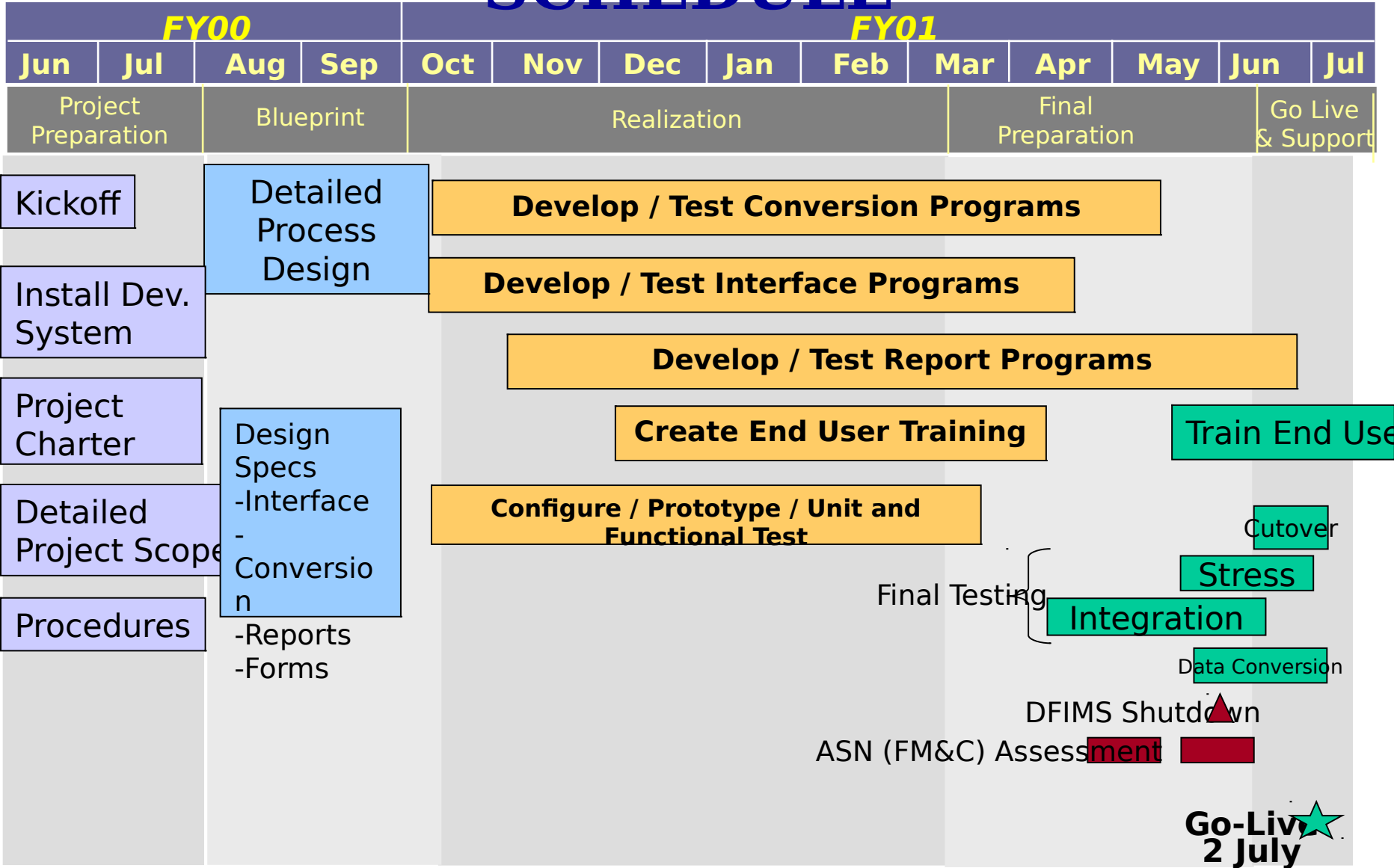
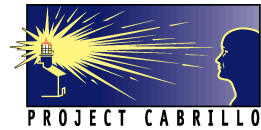
CABRILLO OBJECTIVES

- Design and implement a full set of ***integrated*** Navy Working Capital Fund business processes
 - Re-think and re-engineer processes applying best business practices
 - Use COTS software with no modifications
 - Establish common processes with end-to-end process integration and connectivity
 - Design for scalability, extensibility, and application at other Working Capital Fund activities
- Improve visibility of business situation
 - Single point of data entry and integration
 - Timely and accurate business information
 - Improved reporting and management tools (ABC, EVM)

CABRILLO OBJECTIVES (CONT.)

- Reduction of ownership and operations costs
 - Reduce number of business systems and interfaces
 - Eliminate manual processes
 - Provide automated workflow
 - Improve speed of processing business
- Compliancy with Chief Financial Officer (CFO) Act
 - Meet applicable federal financial management regulations, accounting standards, and requirements
 - Implement to US Standard General Ledger (USSGL)
 - 100% drill down capability to original transaction event; all transactions have audit logging and trail
 - Utilize Joint Financial Management Improvement Program (JFMIP) certified software

CABRILLO WAVE 1 SCHEDULE



ERP AT SPAWAR

- Project Cabrillo (Wave 1) went live on 2 July 2001
 - Implemented and delivered at SPAWAR Systems Center – San Diego
 - Available to over 3500 users at 7 geographic locations
 - Providing all key Working Capital Fund business functions – solution extensible to other activities
 - On track to meet all project objectives, business case, and balanced scorecard key performance indicators

NAVAIR SIGMA ERP PROJECT OVERVIEW

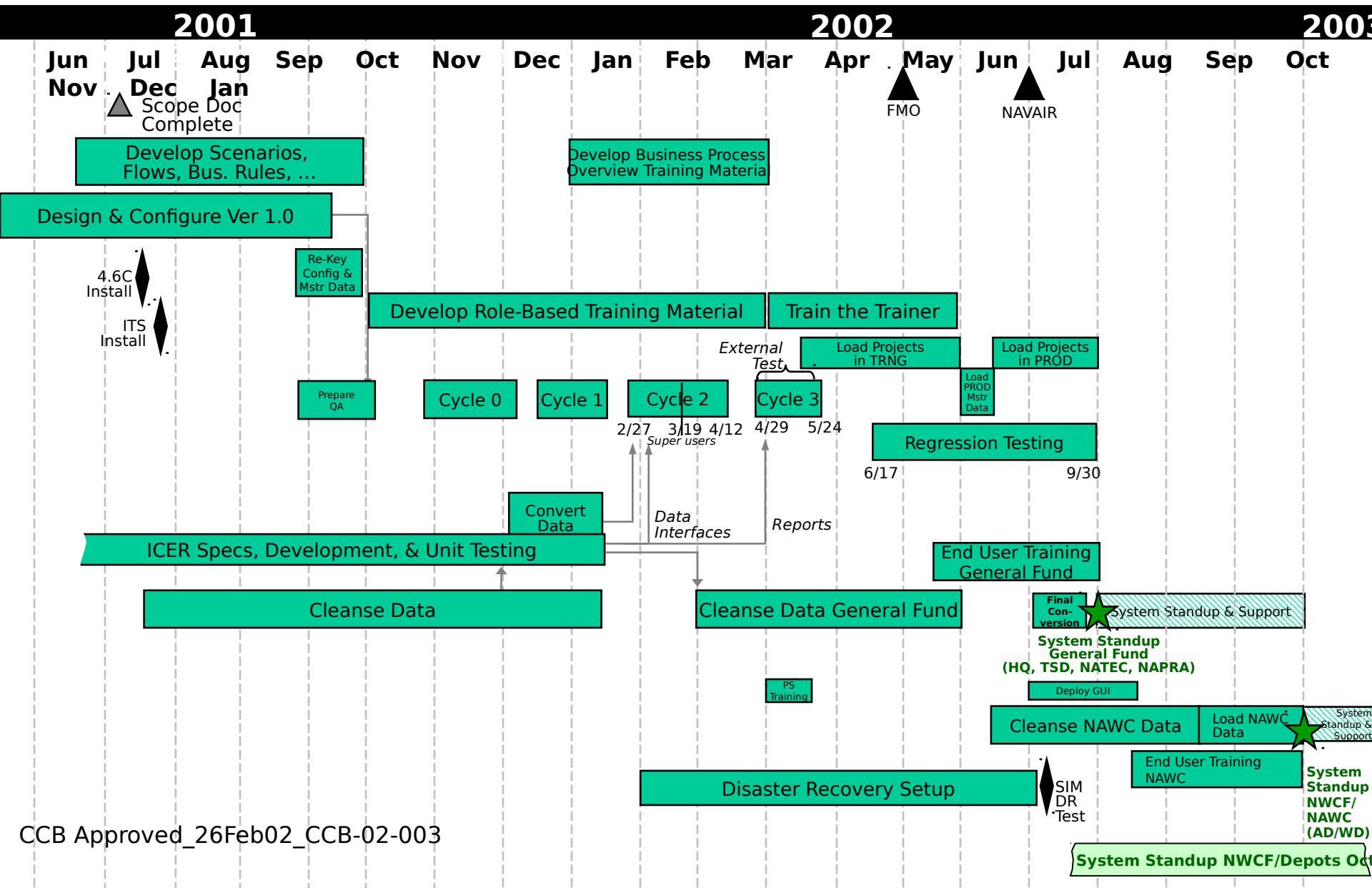


SIGMA BUSINESS AREA SCOPE

- **SIGMA scope:**

- Planning and Scheduling
 - **Across all NAVAIR Programs**
- Financial Management
 - **Across all General Fund and Working Capital Fund Activities**
- Human Resource Management
 - **Employee Time and Attendance, Workforce Management, Training, Skills Management, and Awards**
- Configuration Management / Asset Tracking
 - **ECP appraisal process (using SAP and document management tool)**
- Limited Procurement
 - **MILSTRIP**
 - **Purchase Card**

SCHEDULE



SUMMARY

- Business processes reengineered
 - Functionally integrated
 - Single data entry at source
 - End-to-End connectivity
 - Standard processes and data across NAVAIR
 - Best Commercial Practices; COTS benefits
 - Federal financial standards compliance
- Reduce redundancies and leverage size / expertise
- More customer focused, less reconciliation and data calls
- Better decisions through timely access to complete, accurate and relevant information

'One TEAM supporting the Warfighter'

SMART ERP

AVIATION MAINTENANCE AND SUPPLY

CHAIN

OVERVIEW





SMART PROJECT SCOPE

- Joint NAVSUP / NAVAIR Sponsored Supply and Maintenance Pilot
- National and Regional Inventory Management
 - Activities:
 - **Naval Inventory Control Point (Philadelphia and Mechanicsburg)**
 - **Fleet and Industrial Supply Centers (Norfolk and San Diego)**
 - **Regional Supply in Support of Naval Air Station Norfolk**
- Organizational, Intermediate and Depot Repair
 - E2C and LM-2500 Gas Turbine Engine Maintenance
 - **E2C - Squadron Organizational Maintenance interface**
 - **E2C - Aviation Intermediate Maintenance - on SAP**
 - **E2C and LM-2500 - Depot Maintenance interface**



SMART PROJECT OBJECTIVES

- Prove COTS a viable interoperable IT and process solution for:
 - Supply
 - Maintenance
 - Finance
- Demonstrate improvements in:
 - Cycle Time
 - Data Accuracy
 - Financial Recording



SMART PROJECT TIMELINE

Phase I: Reengineering

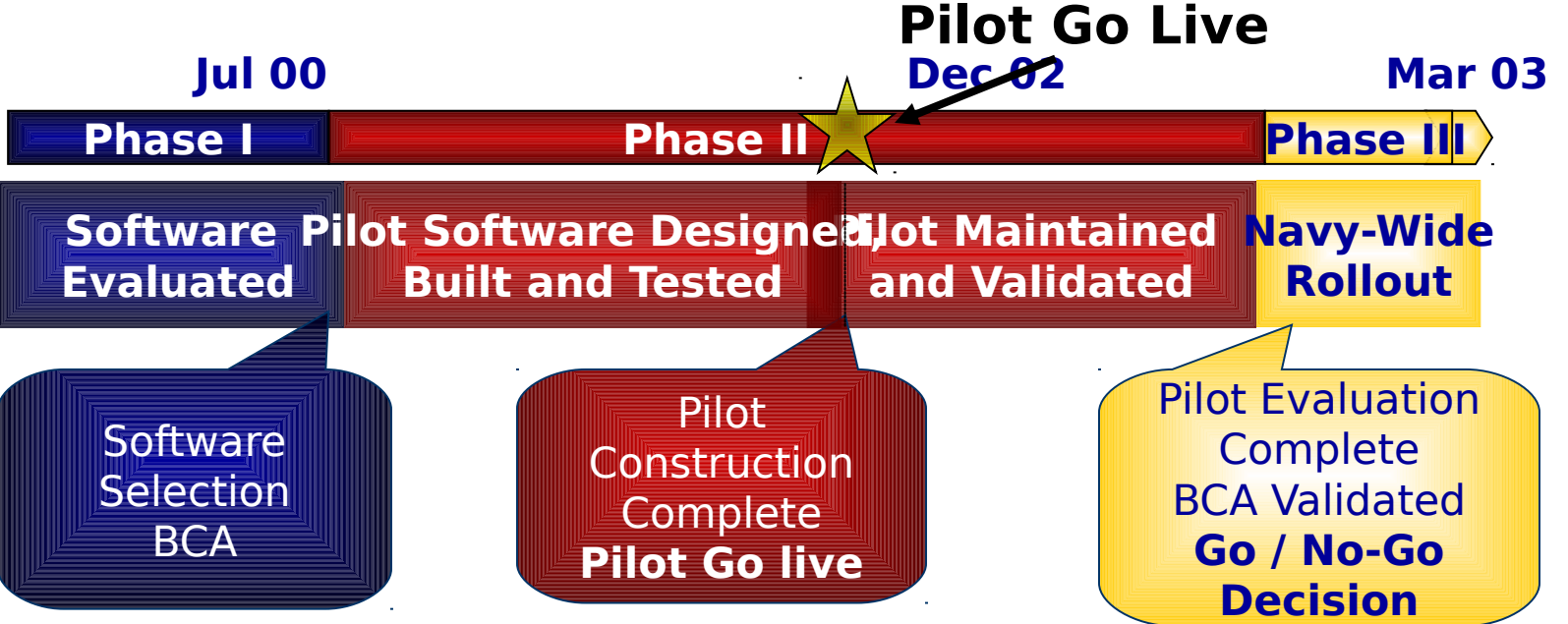
- Map / cost “as is” functional processes
- Define “to be” processes & IT architecture
- Gap analysis
- Make recommendations on ERP suite solution

Phase II: Pilot -

- Implement pilot for E-2 aircraft, airframe and components, and LM-2500 gas turbine engine, modules, and components

Phase III: Enterprise -

- Based on pilot results, revised BCA, and capitalizing on results of other pilots, expand ERP suite solution to all Naval Aviation aircraft, and beyond





SMART PROJECT NAVY-WIDE ROLLOUT SCHEDULE

Wave I

National and Regional Supply

- Replace legacy national and regional supply management systems at six regional sites and Naval Inventory Control Point

Wave II

Aviation Intermediate Level Maintenance

- Replace intermediate level maintenance management systems at 27 air stations and 37 ships

Wave III

Depot Level Maintenance

- Replace Depot Systems

Organizational Maintenance

- Replace all afloat supply systems

ERP

Mid FY04

Late FY07



SUMMARY

- ERP Is Combination of IT Replacement and Reengineering
- Working Towards a Navy, Inc. And DoD, Inc. End State
- SMART Project Is Initial Step to Bring Supply System in Line With Best Business Practices

Seven Guiding Principles

- 1.Design for success**
- 2.Integrate processes... This is a joint maintenance and supply mission**
- 3.Create significant positive change**
- 4.Enter data once... at its source**
- 5.Make no changes to COTS code**
- 6.Simplify operations for end users**
- 7.Expect improved readiness, fewer legacy systems, reduced total ownership costs**



Navy
Enterprise
Maintenance
Automated
Information System

Mike Petz
Program Executive
Naval Sea Systems Command
United States Navy



5 February

NAVY MAINTENANCE RE-ENGINEERING STRATEGY

- Common Navy Approach
 - Eliminate Excess Infrastructure
- Establish Regional Maintenance Centers
 - Single Point of Work Induction
- Align Disparate Financial Systems
- Achieve Information System Connectivity
- Integrate all Maintenance Facilities

SIMPLIFY AND DECONFLICT

NEMAIS will Help Meet the Navy's Priorities

CNO

- **Manpower**
- **Current Readiness**
- **Future Readiness**
- **Quality of Service**
- **Navy-Wide Alignment**

SECNAV

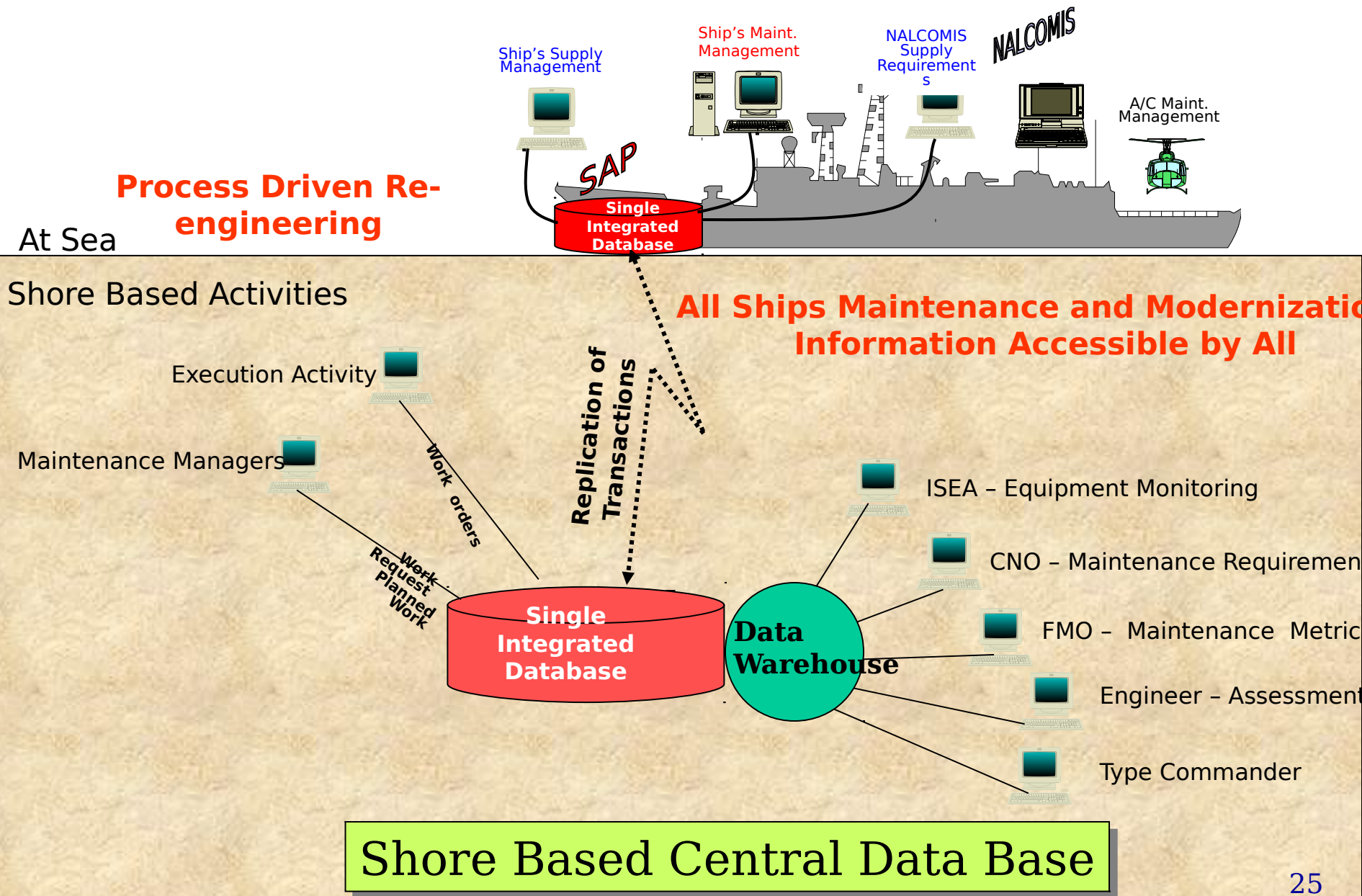
- **Combat capability**
- **People**
- **Advanced technology**
- **Business practices.**

- Enabling re-engineering of maintenance and modernization processes for efficient use of manpower and material
- Driving alignment to common processes across the enterprise (O, I & D)

By . . .

- Providing timely and rapid access to information and metrics
- Supporting material visibility by all Navy
- Improving ships configuration management
- Providing complete information for decision makers
- Simplifying/enhancing human interface thru a single system

ERP - The End State



Life Cycle Support

NEMAIS

Vendor

Bill of Materials

Stock Status

Stock Location

**Ship class/
fleet roll up**

Configuration

**Location
on Ship**

Cost of all repairs

Drawings

Tech Manuals

**Notification
based on
parameters**

**Training
data, video**

**Trouble
Calls**

**Class
Maintenance**

**Planned
Maintenance**

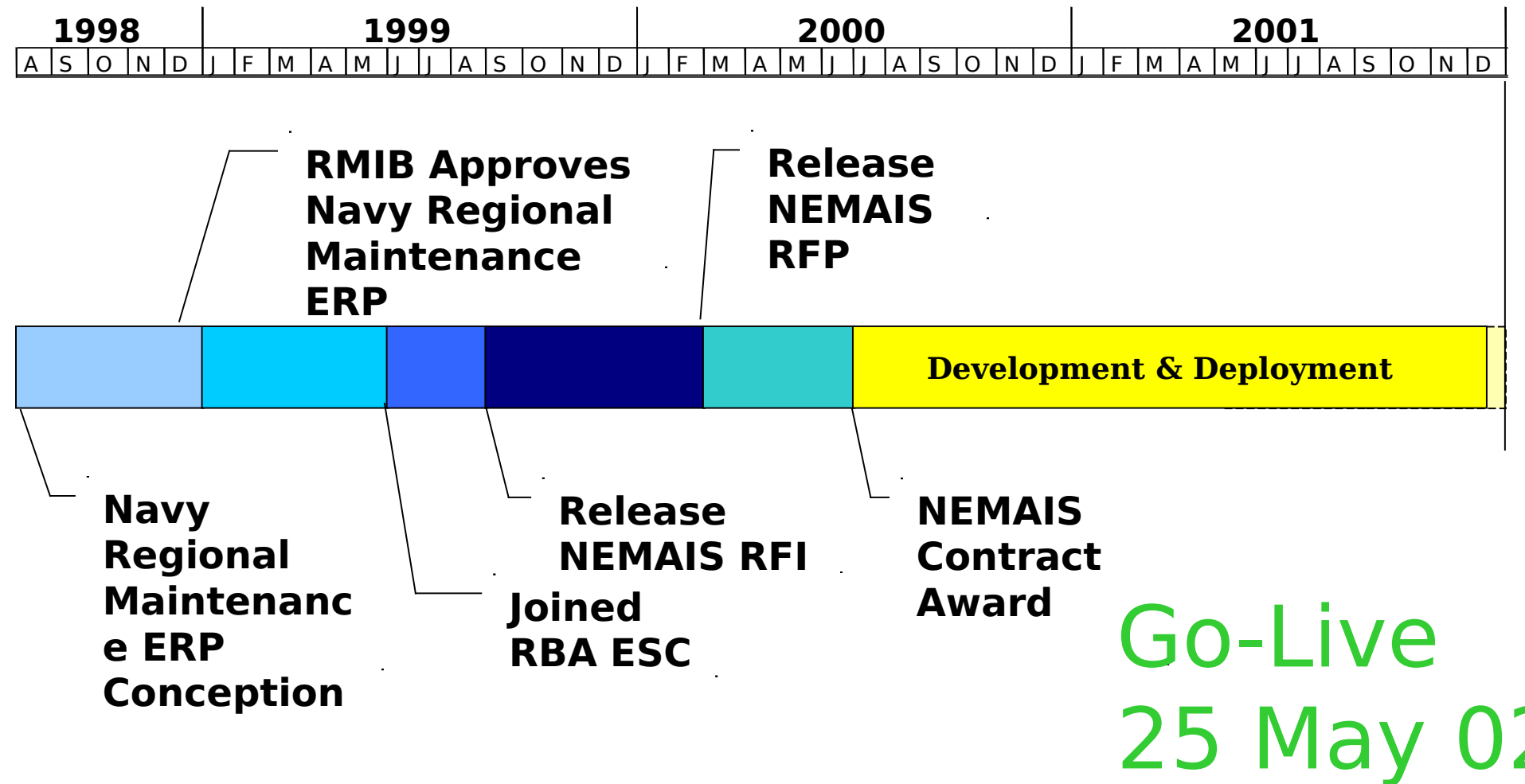


**Inspections,
deficiencies**

**Alterations
(FMP)**

**Corrective
Maintenance**

The Road to ERP. . .





FUNCTIONAL SCOPE

- Ships Configuration management
- Maintenance management
- Work brokering, planning, and estimating
- Production planning, scheduling, and control
- Project planning, scheduling, and control
- Resource loading and workforce skills management
- Time, attendance
- Material ordering, tracking, and site inventory; asset management
- Document management (including nuclear records)
- Financial management

Commercial software

Core

Bolt-ons

**Document
Management**

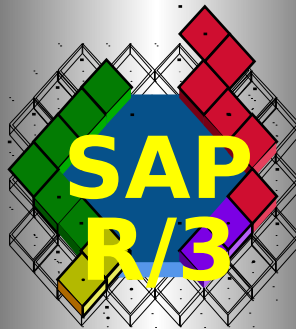
**Hazardous
Material**

**Activity
Based
Costing**

Docu-
mentum

Plantware

OROS 99



Oracle

Abaco

MQ Series
Integrator

JetForms

Bolt-ons

RF Barcode

**Legacy
System
Interface
Forms**

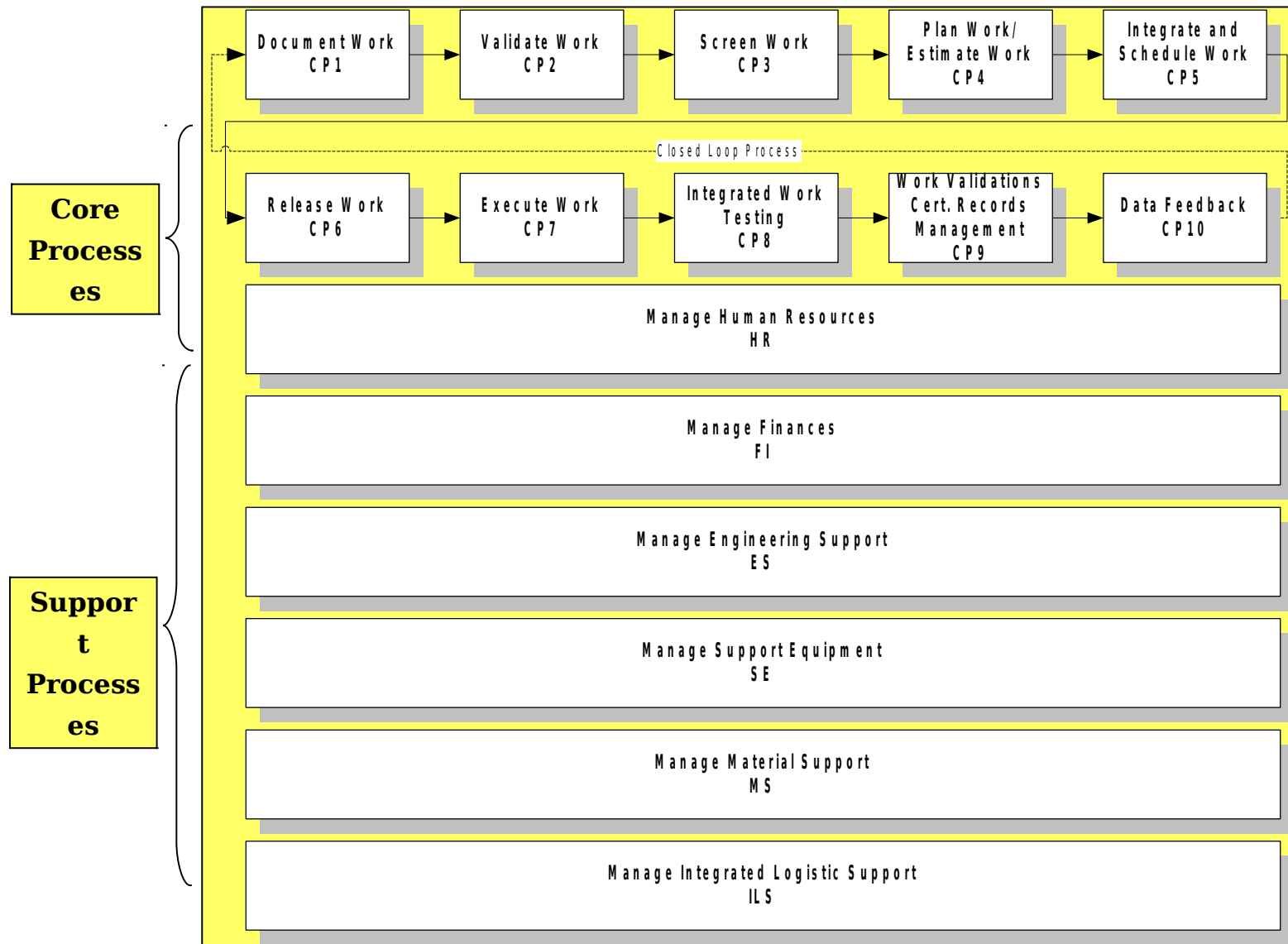
Security

- Controlling (CO)
- Asset Management (AM)
- Project Systems (PS)
- Workflow (WF)
- Industry Solution - Public Sector - U.S. Federal Accounting (IS-PS)

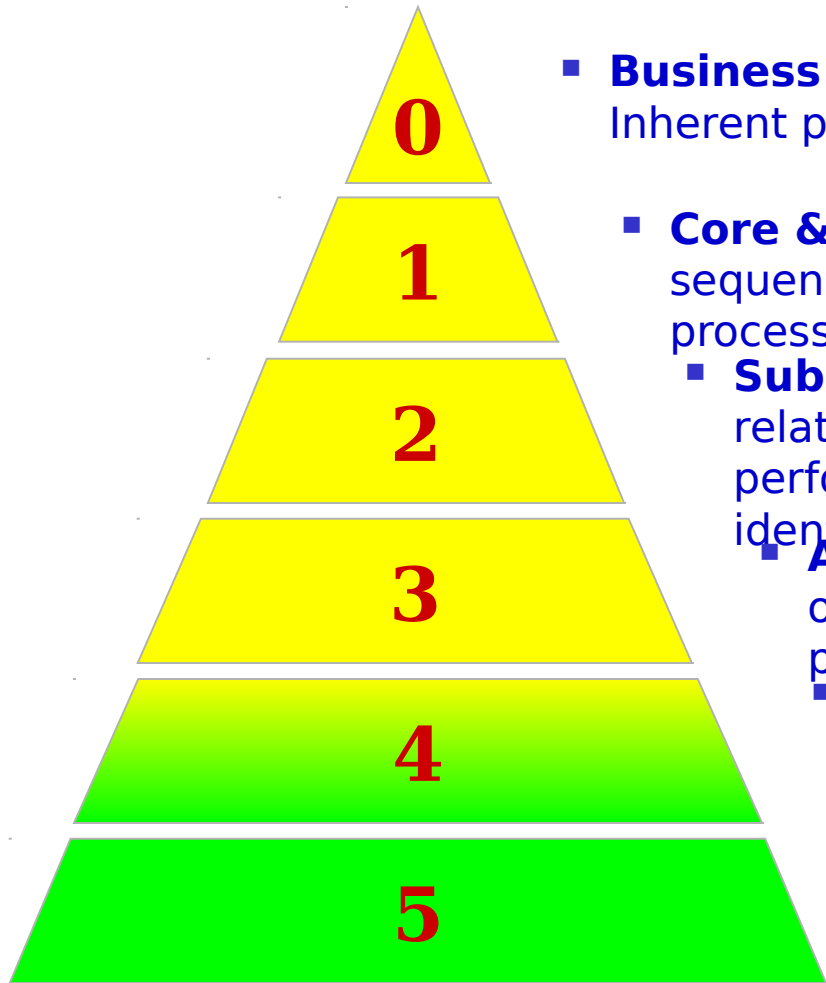
- Sales and Distribution (SD)
- Plant Maintenance (PM)
- Financial Accounting (FI)
- Supply and Materials Management (MM)

- Quality Management (QM)
- Human Resources (HR)
- Time and Attendance (CATS)
- Funds Management (FM)
- Investment Management (IM)

Navy Maintenance Process



BPR: Definition of Process Levels

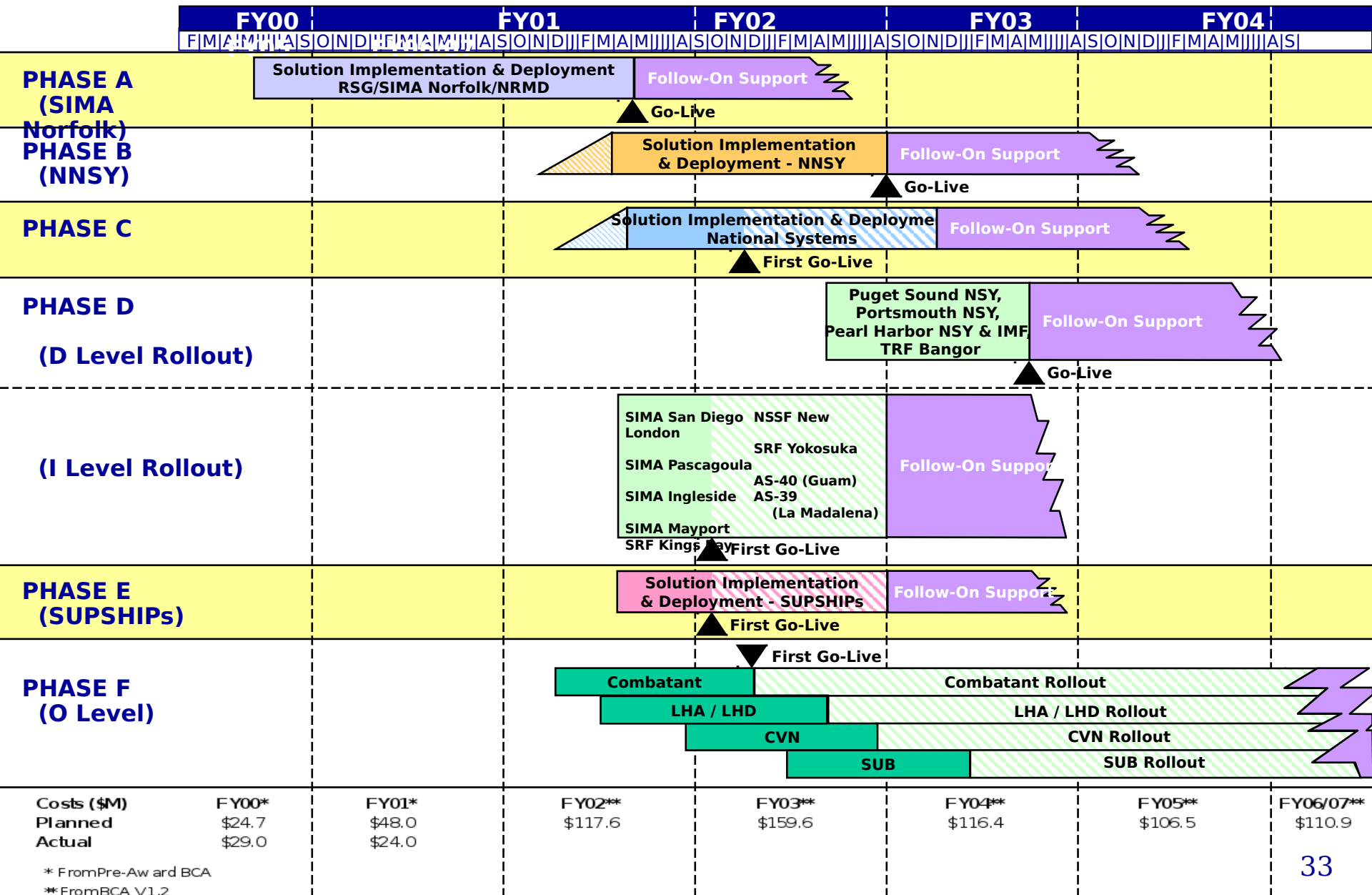


- **Business Area/Enterprise Process:**
Inherent part of the organization's mission
- **Core & Support Processes:** A high-level sequence or network of lower level sub-processes.
 - **Sub-Process:** A sequence or network of related and interdependent activities performed in support of the business with identifiable outputs
 - **Activities:** What people do in the organization. Consume resources to provide a service or produce an output.
 - **Sub-Activities (optional):** Lower level breakdown of what people do in the organization. Consume resources to provide a service or produce an output.
 - **Tasks:** Worksteps performed by individuals. The level at which cycle time analysis is performed

Scope of Vision

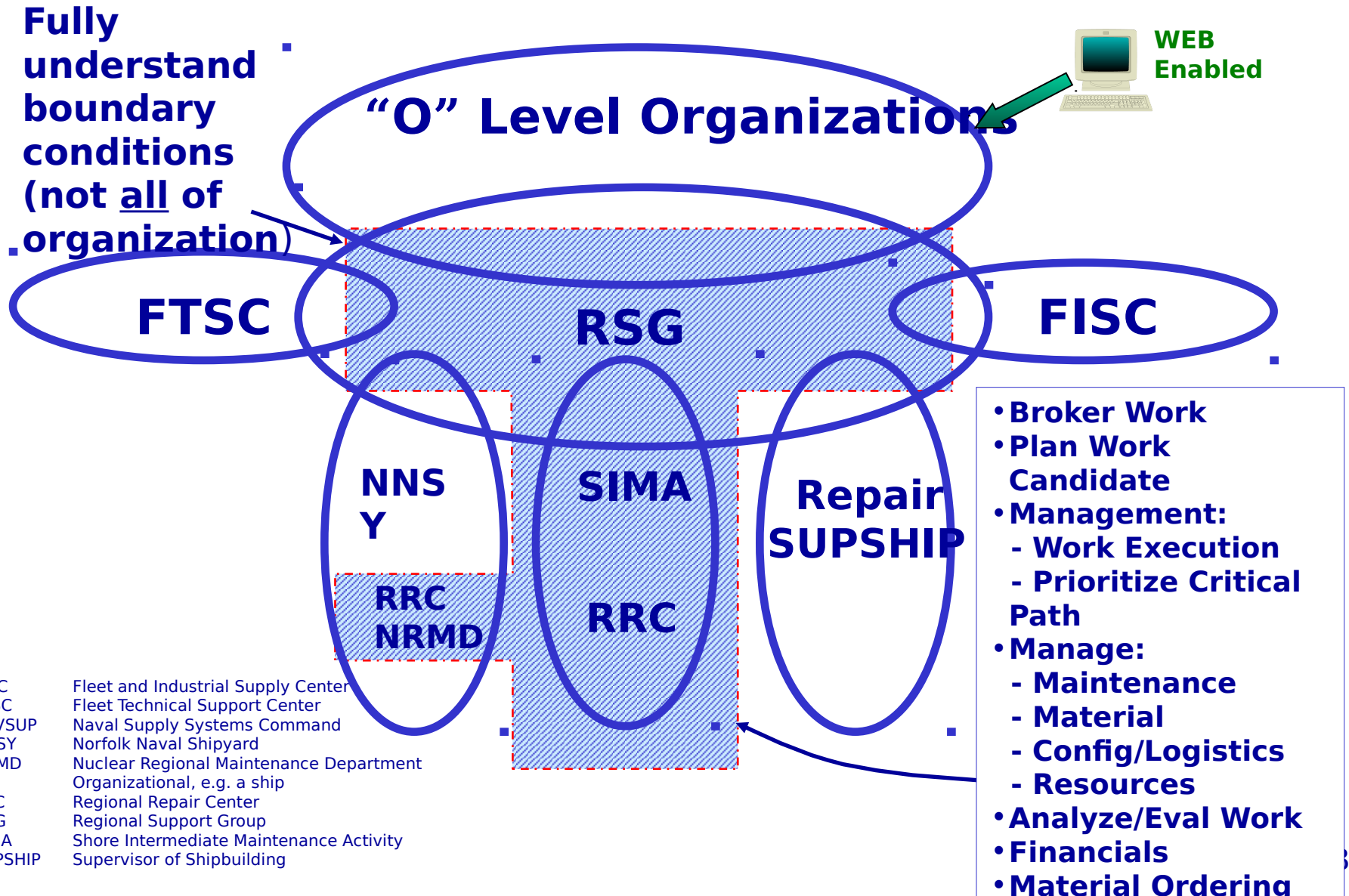
- Number of Users: 28,000 personnel in Intermediate and Depot maintenance activities, 10,500 work centers afloat (over 200,000 sailors)
- Over 140 legacy software systems ultimately replaced or incorporated into solution
- Phasing
 - Phase A: Mid Atlantic Regional Maintenance (3000 people)
 - Phase B: Norfolk Naval Shipyard (8000 people)
 - Phase C: National computer systems
 - Phase D: Deploy to all industrial facilities (approx 28)
 - Phase E: Supervisor of Shipbuilding sites
 - Phase F: Shipboard on 300 Navy Ships

NEMAIS ERP



Scope of Phase A

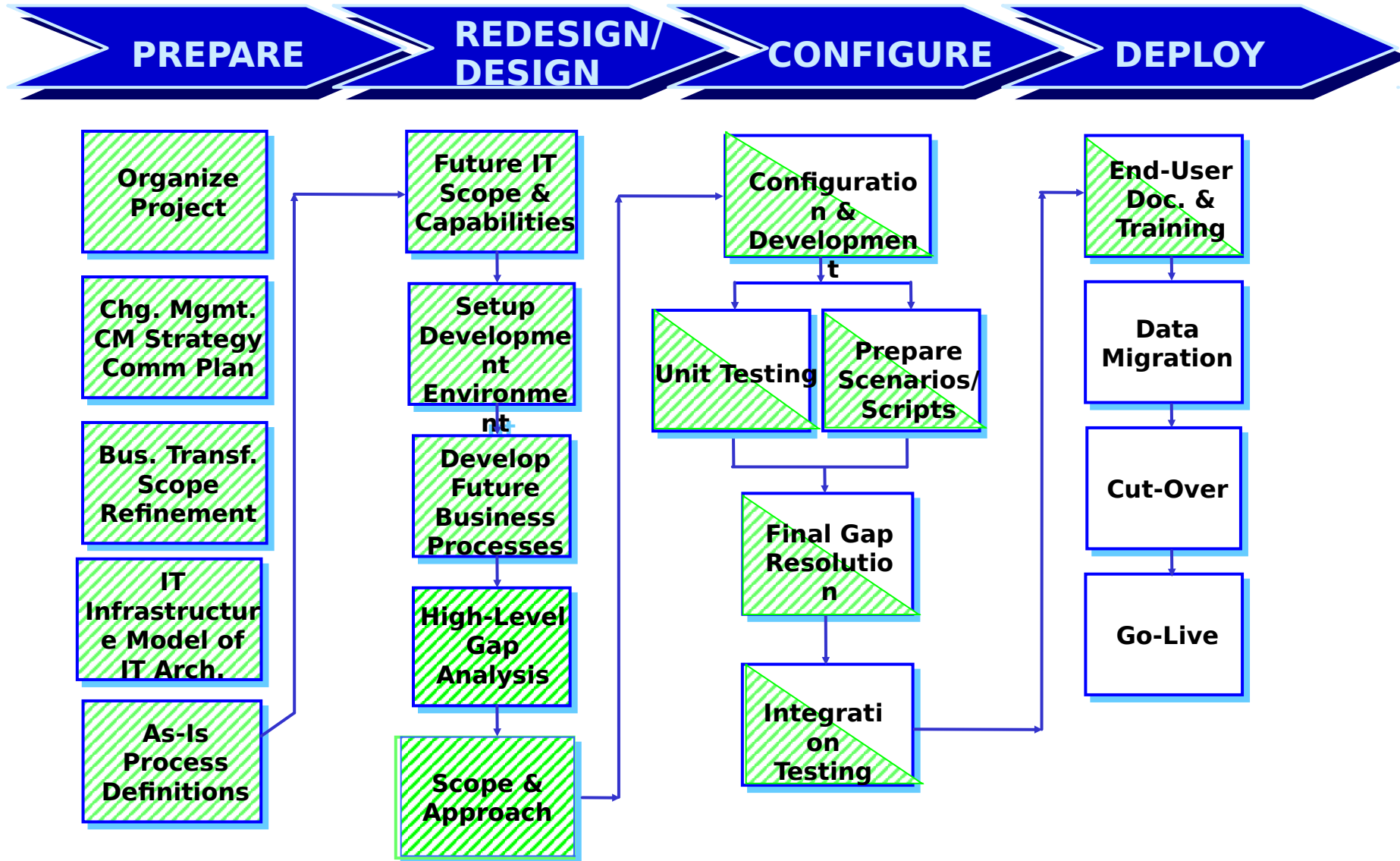
(3,000 Military & Civilian Personnel)

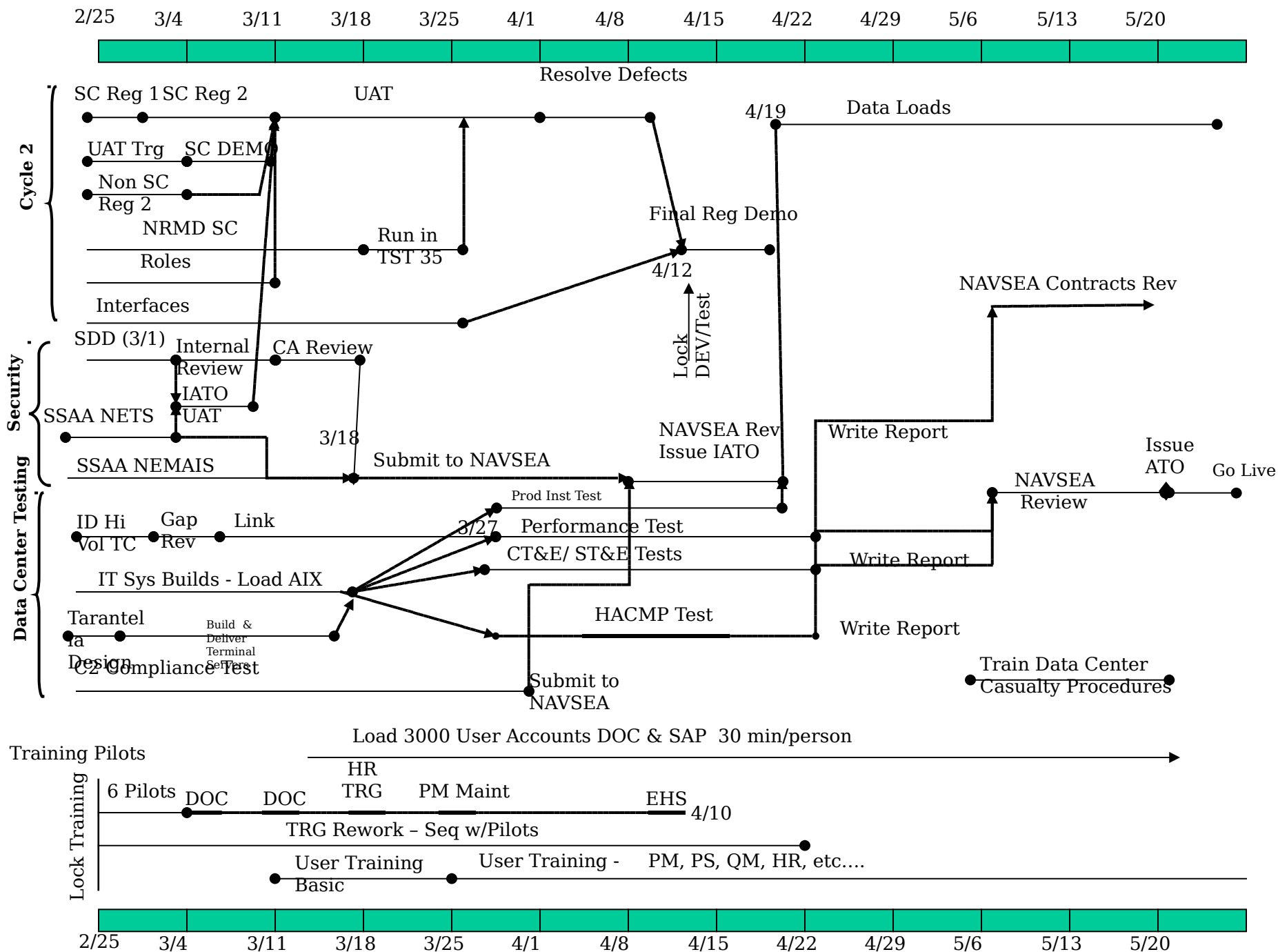


Sample Metrics Baseline

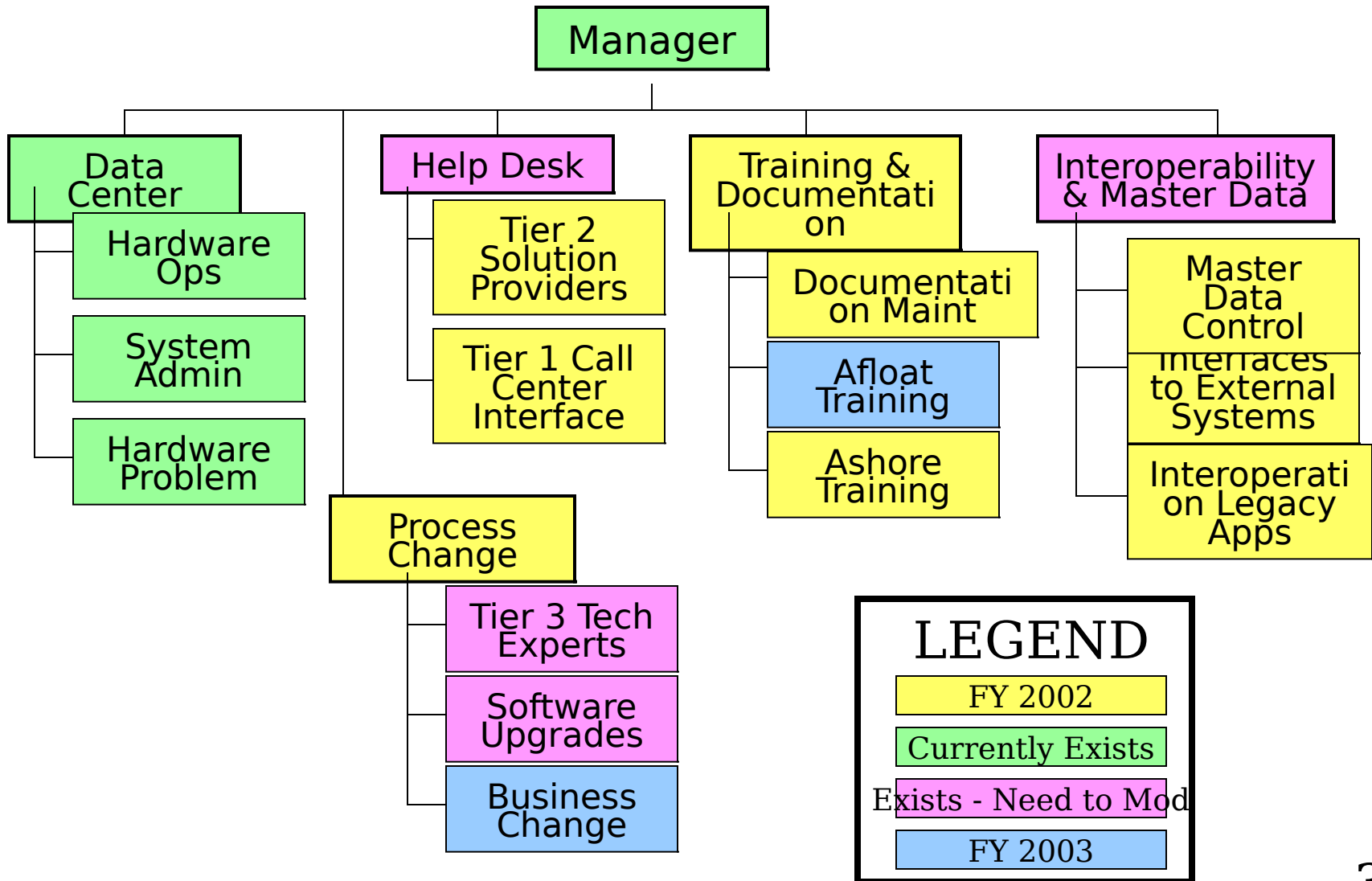
- Preparation for Briefings/Meetings
- Planning and Routing Work Packages for Approval
- Reduction in Time to Expedite Material
- Time to Identify Rejected Jobs
- Average RSG Job Screening Time
- FMAV Job Completion Timeliness
- SIMA Supervisory Workforce Utilization
- Shop Utilization – Hours Expended
- Residual Material Utilization
- Total Number of Open Purchase Credit Card Transactions
- Training Oriented Human Resources IT Systems
- Non-Training Oriented Human Resources IT Systems

“Phase A” Critical Path





Life Cycle Functional Organization



Other SAP Users

- Foreign Defense Departments
 - 11 countries selected SAP
 - Denmark, Netherlands, Norway, Canada and Singapore implementing Tri-service
 - Most are using for force planning in addition to financials and logistics processes
 - Canada will have first afloat implementation in Oct 02
- New Jersey Public Service Electric and Gas
 - Nuclear power plant on SAP since July 1999

SUMMARY

- On schedule to deploy
 - SIGMA in October 2002
 - SMART in December 2002
 - NEMAIS in May 2002
 - CABRILLO Live (2 July 2001)
- Clinger-Cohen compliant
- Utilizing JFMIP compliant software
- Training and Deployment Plan in Place
- On the Road to “Go-Live”